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THE Demand and Price SITUATION

BUREAU OF AGRICULTURAL ECONOMICS
UNITED STATES DEPARTMENT OF AGRICULTURE

WASHINGTON, D. C. BAE JANUARY 1948

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SUMMARY

The strong demand for farm products continues undiminished. Prices for most farm products are at record levels except for fruits, tobacco, and a few minor products.

In many sectors of the economy, demand continues to outrun supplies, despite record peacetime production. New manufactured goods are being priced successively higher yet takings of those commodities are not being reduced significantly. In some cases, particularly steel, automobiles and certain building materials, premium markets exist in which prices are considerably higher than those set by manufacturers.

During 1947, the general commodity price level advanced 16 percent and, in the first half of January, was moving up at a rate of about 2 percent a month.

Commodity Highlights.

Consumer demand for meat and livestock products is exceptional. Export demand continues to press on available supplies of wheat. Strong demand for meat is being reflected in increasing demand for corn and other feeds. Demand for medium and better qualities of cotton continues strong. Export demand for fruits and tobacco is down.

(For release, February 9, a.m.)

ECONOMIC TRENDS AFFECTING AGRICULTURE

Item	Unit or base period	1946		1947			
		Year	Nov.	Sept.	Oct.	Nov.	Dec.
Industrial production 1/	1935-39						
Total	= 100	170	183	186	190	192	191
All manufactures	"	177	191	192	197	199	198
Durable goods	"	192	214	218	223	224	228
Nondurable goods	"	165	173	172	176	178	174
Minerals	"	134	136	153	154	155	155
Construction activity 1/	1935-39						
Contracts, total	= 100	267	242	319	321	336	
Contracts, residential	"	350	299	412	417	400	
Wholesale prices 2/	1926 =						
All commodities	100	121	140	157	158	160	163
All commodities except farm and food	"	110	121	138	140	142	145
Farm products	"	149	170	186	190	188	197
Food	"	131	165	179	178	178	178
Prices received and paid by farmers 3/	1910-14 = 100						
Prices received, all prod.	"	233	263	286	289	287	301
Prices paid, int. & taxes	"	193	211	238	239	241	245
Parity ratio	"	121	125	120	121	119	123
Consumers' price 5/ 6/	1935-39						
Total	= 100	139	152	164	164	165	167
Food	"	160	188	204	202	203	207
Nonfood	"	128	132	142	143	144	145
Income							
Nonagricultural payments 4/	Bil.dol.	157.9	165.6	188.1	180.1	181.5	
Income of industrial workers 3/	1935-39	270	298	333	335	342	
Factory payrolls 5/	= 100	284	317	359	363	367	
Weekly earnings of factory workers 5/							
All manufacturing	Dollars	43.73	45.79	50.43	50.98	51.02	
Durable goods	"	46.48	48.62	54.01	54.66	54.70	
Nondurable goods	"	41.01	42.87	46.78	47.17	47.19	
Employment							
Total civilian 7/	Millions	55.2	57.0	58.9	59.2	58.6	57.9
Nonagricultural 7/	"	46.9	49.1	50.1	50.6	50.6	51.0
Agricultural 7/	"	8.3	7.9	8.7	8.6	8.0	7.0
Government finance (fed.) 8/	Mil.dol.						
Receipts, net	"	3,467	2,364	4,872	2,390	2,743	4,246
Expenditures	"	3,676	2,529	2,932	2,445	2,194	3,224

Annual data for the years 1929-46 appear on page 11 of the April 1947 issue of the Demand and Price Situation.

Sources: 1/ Federal Reserve Board, converted to 1935-39 base. 2/ U. S. Dept. of Labor, BLS 3/ U. S. Dept. of Agriculture, BAE. To convert prices received and prices paid, interest and taxes, to the 1935-39 base, multiply by .93110 and .78125 respectively. 4/ U. S. Dept. of Commerce revised figures employing new concepts, seasonally adjusted at annual rate. 5/ U. S. Dept. of Labor, BLS. 6/ Consumers' price index for moderate-income families in large cities. 7/ U. S. Dept. of Commerce, Bureau of the Census. 8/ U. S. Dept. of Treasury. Data for 1946 are on average monthly basis.

OUTPUT AND EMPLOYMENT

Industrial production in December was only slightly below the record of the previous month as new postwar record outputs of steel and motor vehicles about offset a slight decline in the nondurable industries. The index of industrial production, seasonally adjusted, was 191 (1935-39 = 100) in December compared with 192 in November and an average of 187 for the year. Average output in 1947 was 10 percent above that of a year earlier.

Durable goods production in December reached a level of 228 (1935-39 = 100) three points above the previous records of 225 in November and March 1947. The gain in steel and motor vehicle production accounted for most of the increase. Output in virtually all other groups also increased slightly. For the year as a whole, durable goods products averaged 20 percent above 1946.

In the latter part of December production of most nondurable goods lines particularly textiles, tobacco and paper products , slackened slightly. As a result, the index for nondurable goods declined to 174, 4 points below November but 3 points above the average for the year. During 1947, nondurable goods output averaged 4 percent above 1946.

Total employment in December was estimated at 57.9 million persons, about 700,000 fewer than in November but 1.6 million greater than a year earlier. Agricultural employment declined seasonally as nonagricultural employment increased to a new record of 51.0 million persons. Unemployment in December was at the November level of 1.6 million persons, about 500,000 fewer than a year ago.

NEW CONSTRUCTION ACTIVITY IN 1947

One of the strong influences supporting the high level of activity in 1947 was the housing boom. Even with rapidly rising construction costs, about 189,500 more new permanent nonfarm dwelling units were started in 1947 than in 1946, according to a joint report of the Bureau of Labor Statistics and Office of Domestic Commerce. The total number of starts in 1947 was 860,000 units, compared with 670,500 in 1946 and the record of 937,000 in 1925. Eight-hundred and thirty-five thousand units were completed compared with a little more than half this number in 1946. The time required to complete a house was reduced from an average of 6 months in 1946 to about 4½ months in 1947. This reflects an improved labor and materials supply situation.

The report indicates that the value of residential construction in 1948 will be approximately 20 percent more than in 1947. Physical volume is expected to be up about 10 percent or about the same as in the record year, 1925.

INCOME AND RELATED FACTORS

The seasonally adjusted annual rate of personal income increased to 204.9 billion dollars in November from 204.4 billion in October. For the first 11 months of 1947 the annual rate of personal incomes averaged 196.4 billion dollars, about 20 percent above a year earlier.

Most of the increase in total personal income was due to a rise in the annual rate of salary and wage receipts which advanced to 127.5 billion dollars in November from 125.2 billion the previous month. The increase reflected less than seasonal declines in construction and nondurable goods factory employment and a continued rise in employment in trade and durable goods industries.

Dollar sales at department stores in December, seasonally adjusted, remained unchanged from November. The index was 300 (1935-39 = 100) in December compared with an average of 284 for the year and 276 in December 1946.

Average sales for the year were about 9 percent above those in 1946, mainly because of increased prices. Unit volume sales in many lines were somewhat lower than in the previous year.

COMMODITY PRICES

The demand for many goods continues to exceed supplies at current prices. Despite record peacetime production, the general commodity price level, which advanced 16 percent during 1947, continued to move up in the first half of January at a rate of between 2 to 3 percent a month. Prices of many manufactured goods are going up but no reduction in the quantities taken by consumers is evident. Premium markets exist in which steel, automobiles and certain building materials are selling at prices considerably above those set by manufacturers, although these items are being produced in large volume. The BLS index of wholesale prices in December, 1947 was 163 (1926 = 100) compared with 160 in November and 141 in December, 1946. Wholesale price changes for the major groups of commodities from December 1946 to December 1947 are shown below:

Table 1.-Group indexes of wholesale prices, December, 1946 and 1947 1/
(1926 = 100)

Item	December 1946	December 1947	Percentage change
Fuel and lighting materials	96	124	↑ 29
Building materials	158	191	↑ 21
Farm products	168	197	↑ 17
Hides and leather products	177	203	↑ 15
Metals and metal products	135	152	↑ 13
House furnishings	120	135	↑ 12
Food	160	178	↑ 11
Textile products	135	148	↑ 10
Chemicals and allied products	126	135	↑ 7
All commodities	141	163	↑ 16

1/ Data from Bureau of Labor Statistics.

The index of prices received by farmers in January rose to a new record of 307 (1909-14 = 100), 2 percent above December, and 18 percent above January 1947.

The changes in the prices of several groups of farm products varied considerably from January 1947 to January 1948.

Table 2.-Group indexes of prices received by farmers, January 1947 and 1948
1909-14 = 100)

Farm product group	January 1947	January 1948	Percentage change
Feed grains and hay	184	318	↗ 73
Food grains	223	322	↗ 44
Truck crops	238	320	↗ 34
Meat animals	306	379	↗ 24
Poultry and eggs	201	231	↗ 15
Oil bearing crops	336	377	↗ 12
Cotton	240	267	↗ 11
Dairy products	292	313	↗ 7
Tobacco	399	377	- 6
Fruit	196	135	- 31
All crops	236	284	↗ 20
Livestock and products	281	328	↗ 17
All farm products	260	307	↗ 18

Prices of food and feed grains advanced sharply, chiefly because of the enormous foreign demand for wheat and the relatively poor corn crop last year. On the other hand, fruit-prices declined 31 percent and tobacco prices 6 percent, primarily because foreign takings of these commodities declined.

The index of prices paid by farmers, including interest and taxes continued its steady upward movement in January when it was 251 (1910-14 = 100), 2 percent above December and 17 percent above January 1947. The parity ratio--the index of prices received by farmers divided by the index of prices paid by farmers--declined 1 point to 122 in January, and was about the same as a year ago.

Urban retail prices, as measured by the BLS index of consumer prices, advanced from 165 (1935-39 = 100) in November to 167 in December. Preliminary reports indicate that a further increase occurred in January.

FARM INCOME

Farm income at the beginning of 1948 is at a record level for the season. Cash receipts from farm marketings in January were about 2.6 billion dollars, slightly below December but 16 percent above January 1947. Higher prices accounted for most of the gain over last year.

Total receipts from livestock and products were around 1.5 billion dollars, slightly below December and 16 percent above January 1947. Cash receipts from meat animals were a little below December and about 20 percent above January last year. Receipts from dairy products were 10 percent above December but about the same as a year ago. Poultry and eggs were down seasonally but above January 1947.

Crop receipts in January this year are estimated at 1.1 billion dollars, 17 percent below December but 17 percent above January 1947. Receipts from food grains and feed crops were greater than the previous month and 80 percent and 10 percent, respectively, above January 1947. Receipts from cotton, oil-bearing crops, tobacco, vegetables, and fruits and nuts were below December. All these groups except tobacco and fruits and nuts were above January last year.

LIVESTOCK AND MEATS

Prices received by farmers for meat animals rose in December in contrast to the usual trend for that month and were still higher in mid-January. Prices received by farmers in January were the highest on record averaging 8 percent higher than in December, and 24 percent higher than a year earlier. Further increases in prices of meat animals are expected since output of meat is expected to decline seasonally through the summer while consumer incomes remain high.

Meat output in 1948 is likely to be around 2 billion pounds or almost 10 percent smaller than in 1947. This will result from smaller slaughter and lighter weights because of fewer livestock on farms and smaller grain supplies for feeding. Meat output in 1947 totaled around 23.3 billion pounds (dressed-meat basis), only slightly larger than 1946 output but the third largest on record. Production in 1947 was 7 percent less than the 1944 peak of 25.2 billion pounds but was 32 percent greater than the 1937-41 average of 17.7 billion pounds.

Meat output in each quarter of 1948 is expected to be smaller than in the same quarter of 1947. Seasonal changes in total meat production during the first two quarters of 1948 are likely to be similar those during that period of 1947. However, output during the third quarter may decline more than seasonally from the second quarter. Summer slaughter of grain fed cattle is expected to be relatively small. Also, there will be a tendency for delayed marketings of hogs in the summer and fall, if prospects for the 1948 corn crop are favorable. Meat output in the fourth quarter probably will be reduced relatively more than in the first three quarters, chiefly as a result of reduced slaughter of cattle and of hogs from the 1948 spring crop.

Production of each type of meat in 1948 is likely to be less than in 1947. Cattle and calf slaughter in 1948 will continue large but is likely to fall below the record of 36 million tentatively estimated for 1947. A reduction in slaughter of both grass fed and grain fed cattle is probable. On January 1, there were an estimated 12 percent fewer cattle on grain feed for market for the United States than a year earlier and 19 percent fewer cattle on feed in the Corn Belt. Also cattle numbers have been reduced by 3 years of record slaughter. Current high prices for cattle are encouraging heavy marketings.

Hog slaughter in 1948 is likely to be around 5 million head less than the 75.5 million killed in 1947. A smaller number of hogs on farms over 6 months of age December 1 and large December slaughter indicate that hog slaughter in January-March will be moderately smaller than during that period a year earlier. Total slaughter of hogs in the spring and summer of 1948 will not be greatly different from that of a year earlier. During October 1948-March 1949, however, slaughter probably will be considerably smaller than a year earlier since the 1948 spring pig crop will be smaller than the 1947 crop. Because of the high prices for grain and smaller supplies, average slaughter weights of hogs during 1948 probably will be less than a year earlier and, as a result, pork production will be reduced more than hog slaughter.

Slaughter of sheep and lambs in January-April 1948 is expected to be considerably smaller than the January to April kill in 1947. The number of sheep and lambs on feed January 1 was estimated to be 16 percent less than a year earlier and the smallest since 1928. Fed lambs make up most of the slaughter supply for the first 4 months of the year.

DAIRY PRODUCTS

Continued strong consumer demand is resulting in record or near-record prices for milk and the channeling of larger proportions of the output into whole-milk uses than a year ago. Butter production in December was even less than under price controls and rationing, 18 percent less than a year earlier and the lowest for the most since 1920. Consumers have been purchasing increasing amounts of oleomargarine. In November, production of this product exceeded that of butter for the first time on record.

Prices of all important dairy items at the beginning of 1948 were higher than a year earlier and are likely to continue above last year. Prices of butter declined sharply from near-record levels in early January but by the end of the month had fully recovered the reduction. Prices of fluid milk and other manufactured products have been steady or have increased. However prices of dairy products are likely to continue low relative to feed prices.

In recent months, consumption of fluid milk and cream apparently has been about equal to that of a year earlier. In the early months of 1947, apparent consumption was about 5 percent smaller than in the same months of 1946. Any further increases in consumer incomes in the next few months may be reflected in higher prices rather than increased consumption.

The number of dairy cows on farms has been declining since mid-1944 and is the lowest since the fall of 1940. Production per cow has been a near-record but the December total milk flow was 4 percent less than a year earlier and the lowest for the month since 1940. Total milk production in 1947 was 120 billion pounds, slightly more than in 1946 and within 1 percent of the 1945 record.

POULTRY AND EGGS

Egg consumption in November and December was higher than in the same months of any other year, except possibly 1946. Per capita domestic disappearance is likely to continue very high, but supplies will probably exceed domestic demand at support price levels. However, the excess in 1948 is expected to be substantially less than the 275 million dozen eggs, shell equivalent, purchased by the USDA in 1947.

Prices of chicken and turkey are likely to increase during the next few months. Demand will continue strong. On the supply side, current marketings of chicken and turkey will be less than in 1947.

Egg prices are likely to continue near support levels (90 percent of parity) during the coming flush production season. However, support levels will be higher than during February-June 1947 when farmers received an average of 40 cents per dozen, 94 percent of parity. Farmers in the Northeast may receive lower prices than in 1947 while those in the Midwest may get higher prices. During 1947, differences in prices among regions were the widest in many years.

The increase in the index of prices paid by farmers including interest and taxes is the chief reason why support prices in the spring of 1948 will be higher than actual prices in the same months of 1947. In mid-January, the index was 251 compared with an average of 227 for February-June, 1947.

FATS, OILS, AND OILSEEDS

Changes in prices of fats and oils will depend mainly on changes in supply, because demand probably will remain strong. The supply outlook for the year which began last October indicates that prices of drying oils may average somewhat less than in 1946-47, while prices of soap fats may average about the same. Prices of food fats and oils will be influenced by the size of exports but may average slightly higher than in 1946-47.

The index number of wholesale prices of 27 major fats and oils in mid-January 1948 was about 308 (1935-39 = 100) compared with 299 in December and 270 in January 1947. The price of butter declined in early January from the new peak reached in December 1947; but prices of most other fats and oils advanced to the highest average level since April 1947.

The index number of prices to farmers for oilseeds advanced 10 points from mid-December 1947 to mid-January 1948, to a new peak of 377 (1909-14 = 100) compared with 336 in January 1947. Prices received by farmers in mid-January for soybeans averaged $4.11 per bushel compared with $2.93 a year earlier. Cottonseed prices to farmers averaged $95.10 per ton, about $5.00 more than a year earlier. The average price for peanuts, at 10.1 cents per pound, was 1.2 cents higher than in mid-January, 1947. Prices received by farmers for flaxseed averaged $6.71 per bushel, somewhat less than a year ago.

CORN AND OTHER FEED

Feed prices are expected to continue high, at least through this winter and spring with strong demand in prospect for the smaller marketings of corn and oats. Prices of nearly all feeds advanced in late December and early January, with most of them reaching record levels. Feed grain prices in mid-January were about 90 percent higher than a year earlier. Wholesale prices of wheat millfeeds were up more than 100 percent while most of the high protein feeds were about one-third higher.

Receipts of corn at primary markets during December and most of January were only about one-half as large as in this period of 1946-47. Through the first half of 1948, corn receipts are expected to continue much smaller, and oats receipts moderately smaller than a year earlier. Supplies of byproduct feeds probably will be smaller than the very large supply available in the first half of 1947.

Total domestic disappearance of corn, oats, and barley during October-December 1947 was 6 percent above the 1937-41 average, but 8 percent smaller than the heavy disappearance in that quarter of 1946. Stocks of these grains in all positions on January 1 totaled 61.0 million tons, 25 percent less than the very large stocks on January 1, 1947. Hay stocks on January 1 were about the same as a year earlier, well distributed by regions and much above average in relation to the number of livestock on farms.

WHEAT

Domestic demand was strong during the first half of the marketing year and exports were not only heavy but made up a larger than usual proportion of the total for the year. Since the sharp August-October advance, wheat prices have not changed greatly.

Another 77 million bushels would complete purchases for export of 450 million bushels, according to estimates as of January 29. Actual buying would exceed these figures at least by the quantity necessary to provide for exports after July 1, although some of this would be new crop wheat. On the basis of current allocations, about 70 percent of the remaining purchases would be made by the Commodity Credit Corporation. CCC purchases of wheat and flour in terms of wheat, from July 1 to January 29, and the July 1, 1947 CCC stocks, totaled 298 million bushels, enough to take care of exports into April. Approximately 75 million bushels more had been purchased by commercial concerns for export through February, bringing total purchases to 373 million bushels.

Much less wheat was fed during the first six months of the marketing year than had been expected earlier this year. During that period, feed use is estimated at only about 65 million bushels out of a total disappearance of 654 million. Other uses included about 265 million bushels for food, 65 for seed, and 258 for export.

In January-June 1948, it is estimated that food use of wheat will be about 245 million bushels and seed use about 25 million. Under Public Law 393 carry-over was set at a minimum of 150 million bushels. With stocks on hand January 1 of 795 million bushels, this would leave about 375 million bushels for export and feed use during these months. With feed use from 125 million to 175 million bushels, from 200 to 250 million could be exported before July 1. Thus, total exports for the year would be between 450 million and 500 million bushels.

Winter wheat seeding has continued unusually late in Southern Great Plains areas and weather since late November has been favorable for germination and growth. The crop was indicated at 839 million bushels in December, 21 percent below the record crop in 1947, but 28 percent above the 1936-45 average. Fall moisture in the Northern Plains Spring Wheat States was 12 percent above normal. August-October precipitation in the Canadian wheat Province is reported at 141 percent of normal, and was distributed fairly evenly over the three Prairie Provinces.

FRUIT

Prices for most fruit this winter are expected to average lower than last winter because supplies are large, export demand is down, and domestic demand for fruit is no stronger.

Although terminal market auction prices for citrus fruits are expected to continue low this late winter, less-than seasonal increases are probable in late winter following the peak of the harvest for grapefruit and early and mid-season oranges. Prices for these fruits have moved generally downward since the beginning of the new harvest season last fall. Under the stimulus of Christmas demand, prices for oranges increased moderately in December and held most of the gains in early January. In contrast, prices for grapefruit continued low in both December and early January.

The market for oranges is relatively better than for grapefruit this season partly because of the much larger quantities of oranges taken by processors in Florida. In Florida, processors had taken about 6.2 million boxes of 1947-48 crop oranges by January 3, about 80 percent more than a year earlier from the 1946-47 crop. In contrast, the 3.8 million boxes of 1947-48 crop Florida grapefruit taken by processors through January 3 this season were 18 percent less than a year earlier from the 1946-47 crop. Total utilization (fresh shipments and processings) of the new crop thru January 3 compared with that a year earlier was slightly larger for Florida oranges, moderately smaller for Florida grapefruit, and considerably smaller for Texas grapefruit. Movement of California oranges also has been slow this season.

With cold-storage stocks of apples and pears moderately larger this winter than last and export demand sharply reduced, prices that growers will receive for apples and pears are expected to continue considerably lower than in the early months of 1947. Most of the remaining cold-storage holdings of apples and pears are in Washington and Oregon. Carlot rail and boat movement of the near-record 1947 crop of Washington State apples were slightly smaller through mid-January of this season than the comparable movement a year earlier from the smaller 1946 crop.

COMMERCIAL TRUCK CROPS

For Fresh Market

Demand for fresh vegetables in the next two months is expected to continue strong, but prices received by farmers for most truck crops will not be as high as in early 1947.

Commercial production for the fresh market in January, February, and March is estimated to be larger than in the same period a year earlier. As usual, the bulk of the fresh tonnage will consist of cabbage, lettuce, carrots, and celery. Crops for which prospective supplies show the largest percentage increases over last winter are cucumbers, escarole, lima beans, tomatoes, and snap beans. Supplies of kale, green peppers, eggplant, and cauliflower will be relatively shortest; and while prospective winter supplies of fresh green peas are only 6 percent smaller than last winter, they are less than half of the 1937-46 average.

For Processing

Demand for cabbage for sauerkraut is expected to be stronger this spring than the unusually low demand of a year earlier, but weaker for green peas and cucumbers for pickles. Little change is expected in demand for other processing crops.

Drastic reductions in pack and in canned stock inventories during 1947 largely ended the surplus situation which existed in several items at the beginning of the 1947 pack year. One of the largest reductions was in the production of cabbage for kraut, which in 1947 dropped to less than 70 thousand tons, the smallest quantity used for this purpose in more than 25 years.

POTATOES AND SWEETPOTATOES

Prices farmers will receive for potatoes sold in February and March are expected to be seasonally higher than in January and moderately higher than a year earlier.

Merchantable potato stocks on January 1 this year were estimated at a little more than 18 million bushels, exclusively of potatoes owned by the Government. This quantity is 12 percent larger than the 1936-45 average for this date, but much smaller than the record large holdings of 152 million bushels on January 1, 1947. The stocks this year are not distributed geographically according to an average pattern, however. January 1 stocks are 13 percent larger than average in the 18 surplus late States which furnish the bulk of our storage supplies, but are 7 percent below average in other late (generally deficit) States, and nearly one-fourth below average in the 8 intermediate States. Even with the "surplus late" group of States, there is wide variation. For example, stocks this January as a percentage of average in several States, are: Maine 159 percent, Idaho 95, New York 95, North Dakota 169, and California 53 percent. Seasonal rises in price for the rest of the 1947 potato-crop season are most probable, of course, in those States where stock are considerably below average.

Prices farmers will receive for sweetpotatoes in the next month or two are expected to rise seasonally and to be about as high as a year earlier. Prices so far this season have not been as high as might have been expected from the reduced production in 1947.

DRY EDIBLE BEANS AND PEAS

Grower prices for dry edible beans and dry field peas this winter probably will continue near January levels and moderately to considerably above supports. For the entire 1947 crops of beans and peas, it is anticipated that prices received by growers will average moderately higher than for the 1946 crop.

Substantial purchases of 1947 crop beans and peas have been made by the Government for relief feeding abroad. Through January 8, purchases of beans amounted to approximately 900,000 bags, about 6 percent of production. Purchases of peas through December 31, 1947, totaled about 1,320,000 bags, slightly more than 22 percent of production.

COTTON

Prices of cotton in mid-January continued near the season's high. Mill demand remained fairly active for medium and better qualities for future delivery.

Middling 15/16" averaged 35.79 cents per pound in the ten spot markets on January 13, the same as the December average and only 56 cent points below the season's high of December 10. The premiums for cotton of the longer lengths continued to widen. The premium for Middling 1¼" at Memphis, for instance, increased from 554 points in August to 1350 in December. The advance in the premiums is due to the short supply of the longer lengths of cotton.

Activity in the spot markets continued at a relatively high level in December with sales reported at 805,921 bales. Only in 1940 have December sales exceeded this amount.

Domestic consumption totaled 753,000 bales for December compared with 759,000 for November and 776,000 for December 1946.

Exports of raw cotton during November were 165,000 bales, slightly higher than for any other month this season. For the period August through November, exports have totaled only 428,000 bales. Not since the early 1870's have exports for these four months been so low. Exports of cotton textiles, on the other hand, were 123 million square yards--higher than for any previous November, but slightly lower than for October. Cotton textile exports through November of this season are 2.5 times larger than for the same period last year and nearly 6 times larger than the 1935-39 average for the comparable period. Even so, the raw cotton equivalent of the textile exports plus the exports of raw cotton are only half as much as last year and only one-third of the 1935-39 average.

WOOL

The strong world demand for wool continued when foreign wool markets reopened early in January. Prices for good quality wools were fully as high as closing prices before the holidays.

CCC sales of domestic wool were fairly large in December. Demand for fine and half-blood wools continued strong. Supplies of these grades outside of CCC stocks are small. Early contracting of fine and half-blood wools from growers may be quite large this year. Current market prices for these grades are higher than CCC support prices but market prices for medium and coarse grades are below support prices.

The duty on wools grading finer than 44s was reduced 8½ cents a pound, clean basis, on January 1. Between November 17 when the reduction was announced, and January 1, however, prices in bond (before payment of duty) of fine and medium grade South American wools at Boston increased about 10 cents a pound, scoured basis. The price increase on these wools was enough to offset the reduction in tariff.

Stocks of domestic wool held by CCC at the beginning of 1948 probably were about 120 million pounds smaller than a year earlier and the smallest since the first half of 1945. Total stocks of apparel wool in all hands in the United States on January 1 were estimated by the New York Wool Top Exchange Service to be about 13 percent smaller than a year earlier.

TOBACCO

Demand for burley tobacco continued strong following the holidays and prices for sales through January 23 averaged 48.8 cents per pound compared with 40.2 cents during January last year. Approximately 90 percent of the 1947 crop has been sold. The quantities placed under government loans have averaged only 6 percent of sales and have been far below last year. The average loan rate for the 1947 burley crop (based on 90 percent of the September parity) is 40.3 cents per pound.

Fire-cured tobacco auctions in Kentucky and Tennessee opened in early January. The price in the Eastern District (type 22) through January 23 averaged 31.3 cents per pound and in the Western District (type 23), 27.4 cents per pound compared with 27.4 cents and 22.5 cents respectively last January. When Virginia fire-cured auctions were resumed after the holidays, prices were somewhat higher than the December average of 27.4 cents per pound. For January sales through the 23rd, the price averaged 29.6 cents per pound compared to 30.5 cents January a year ago. The total 1947 fire-cured crop (types 21-24) has been estimated at 91 million pounds or 17 percent smaller than the previous year. However, stocks are still large and the 1948 marketing quota calls for a 35 percent decrease in acreage allotments for the fire-cured types. The support level for fire-cured (based on 75 percent of the burley

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loan rate) is 30.2 cents per pound. Large quantities of fire-cured have been received by Associations for government loans. Exports of fire-cured tobacco during the first 11 months of 1947 were 27 million pounds (declared weight), 25 percent below the same period in 1946. Export prospects for fire-cured, during the months ahead largely depend upon whether financial aid is made available to Western European countries.

Dark air-cured tobacco types 35-36 averaged 25.6 cents per pound for sales through January 26 compared to 23.0 cents during the same period last year. During 1948 production smoking and chewing tobacco which use dark air-cured tobacco to some extent, is expected to continue at about last year's level, but this is well below the prewar average.

Cigarette tax-paid withdrawals in December were 25 billion, 9 percent above December 1946. Cigar tax-paid withdrawals in December were 447 million compared to 471 million in December 1946.

Total exports of unmanufactured tobacco of 41 million pounds in November were sharply lower than the 94 million pounds of November 1946 which was the highest monthly total in the last 25 years.

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